LWBC

LAND AND WATER BRITISH COLUMBIA INC.

A Corporation of the Government of British Columbia

Service Plan Fiscal 2005/2006 - 2007/2008

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For further information, please contact us at:
PO Box 9475 Stn Prov Gov, Victoria, BC, V8W 9W6; PH: 250-952-6246
or visit our website at www.lwbc.bc.ca

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Message from the Minister

Land and Water British Columbia Inc.'s (LWBC) Service Plan for 2005/06 – 2007/08 shows our ongoing commitment to encourage investment and economic development through improved access to Crown land and water resources.

Focus will be on new investment through our All Seasons Resort strategy, led by the Minister of State for Resort Development. The goal is to transform our rural communities from resource-based economies to more diversified economies and utilize our natural resources to promote the tourism sector throughout the province.

LWBC has re-aligned its business and corporate goals to provide streamlined services as we move towards a one-window access for clients. This involves a thorough upgrade of information systems to effectively keep track of and manage Crown land and water resources and to improve client service.

I am proud of LWBC's major accomplishments in 2004/05 which include:

- Clearing the land tenure application and water licence backlogs
- Reducing turn-around times for processing applications
- Providing better customer service by offering more service-delivery channels (i.e. ability to make payments electronically through financial institutions)
- Providing better and more accessible information via our Web site

LWBC is operating at a fast pace. Through hard-work, flexibility and determination the corporation will achieve excellence and continue to strengthen and diversify our resource-based economy through environmentally responsible management of our Crown land and water resources.

Yours truly,

George Abbott

Honourable George Abbott
Minister of Sustainable Resource Management

Message from the Minister of State for Resort Development

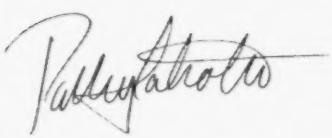
British Columbia is blessed with abundant resources, beautiful scenery, diverse opportunities and a moderate climate that makes our summer and winter resorts unparalleled in the world. Resorts and resort communities contribute significantly to the Province's economy and quality of life.

Land and Water British Columbia Inc. (LWBC), through its management of Crown land and water resources is committed to supporting existing resorts and encouraging new resort development as part of the Resort Strategy and Action Plan.

The strategy is one of economic renewal, to lay the foundation for a globally competitive economy, in particular in the rural communities around British Columbia that have traditionally relied on resource-based industries.

As Minister of State for Resort Development, I am pleased to be leading LWBC's All Seasons Resort initiative and I am committed to achieving our vision of developing British Columbia as a world-class all seasons resort destination.

Sincerely,



Honourable Patty Sahota
Minister of State for Resort Development

Message from the Board Chair to the Minister

Land and Water British Columbia Inc. (LWBC), as a corporation of the Government of British Columbia, is responsible for managing Crown land and water resources to stimulate the province's economy through balanced economic and environmental decision making.

British Columbia is a vast resource-rich province where 94% of its land is Crown land. LWBC will maximize the value of public land by balancing protection of the physical environment with sustainable economic activity in our natural resource sector. LWBC is contributing to a long-term strategy by increasing certainty of access to Crown land and water resources, simplifying the application process, consulting with municipalities, First Nations and the public, and establishing rigorous mechanisms for achieving and measuring performance targets.

This contribution also helps stimulate wealth creation in British Columbia's rural communities. To achieve this, LWBC is in partnership with municipalities, First Nations and investors, all of whom are committed to improve economic development and be part of that growth.

The priorities for 2005/06 include supporting aggregate extraction, energy resources (independent power projects), agriculture (grazing leases) and aquaculture. Another exciting initiative is the creation of the All Seasons Resort Division to lead expansion of British Columbia's All Seasons Resorts industry. The division will act as a "single window" point of access for the all seasons resort industry and coordinate the timely delivery of new and expanded major resort development on Crown land.

The corporation's focus on water management will continue. In 2004, LWBC funded a $3 million drought response project to educate British Columbians about water conservation and assist communities with drought management planning. An additional $2 million was set aside to assist local governments and to develop a water management model. These programs will continue into 2005/06 as remaining funds are distributed.

Internally, LWBC has developed a comprehensive business case to support an extensive systems upgrading that will meet the Corporation's business requirements. In 2005, LWBC will begin phase 1 of a four-year IM/IT strategy in support of a business improvement initiative. The entire capital cost for this strategy, approved by the LWBC Board of Directors, is $6.3 million over 4 years.

I am pleased to present to you the LWBC Service Plan for 2005/06 – 2007/08, which demonstrates the corporation's ongoing work to uphold government's commitment to responsible and sustainable management of the province's land and water resources in a way that contributes significantly to the economic well-being of our province.

Sincerely,

Chris Trumpy
Board Chair

Accountability Statement

The 2005/06-2007/08 Land and Water British Columbia Inc. Service Plan was prepared under our direction in accordance with the *Budget Transparency and Accountability Act*. We are accountable for the contents of the plan, including the selection of performance measures and targets. The plan is consistent with government's strategic priorities and overall service plan. All significant assumptions, policy decisions, and identified risks as of January 2005 have been considered in preparing the plan. We are accountable for ensuring Land and Water British Columbia Inc. achieves its specific objectives identified in the plan and for measuring and reporting actual performance.

Chris Trumpy
Board Chair

Bill Valentine
President and Chief Executive Officer

Corporate Overview

Legal Structure

Land and Water British Columbia Inc. (LWBC) is incorporated under the *Business Corporations Act* of British Columbia. The Shareholder is the Province of British Columbia with the Minister of Sustainable Resource Management holding the sole issued share on behalf of the Province. LWBC's Board of Directors consists of six deputy ministers, the Executive VP of BC Buildings Corporation and the President/CEO of the Corporation. LWBC is governed by a Delegation Agreement with the Minister of Sustainable Resource Management and by the following:

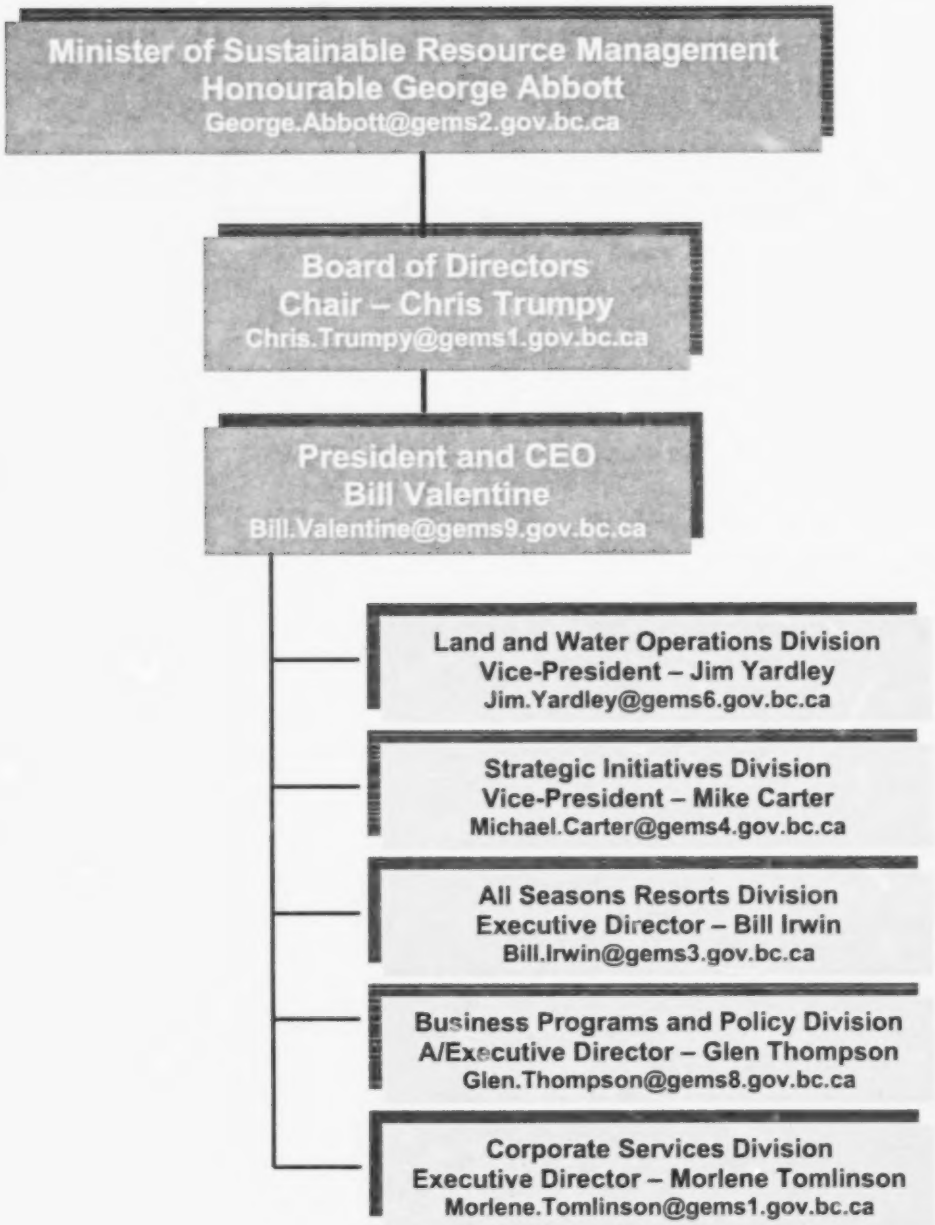
- *Budget Transparency and Accountability Act*
- *Land Act*
- *Water Act*
- *Business Corporations Act*
- *Financial Administration Act*
- *Financial Information Act*
- *Public Service Act*
- *Freedom of Information and Protection of Privacy Act*
- Generally Accepted Accounting Principles
- *University Endowment Land Act*
- *Taxation (Rural Area) Act*
- *Local Government Act*
- *Ministry of Lands, Parks and Housing Act*
- Service Level Agreements between LWBC and various agencies
- First Nations Consultation Guidelines

These acts, guidelines, and agreements establish the legal framework and principles by which LWBC operates, including the method of accounting, staffing and reporting requirements. Under the Delegation Agreement with the Minister of Sustainable Resource Management, LWBC is authorized to retain a portion of proceeds generated through its business activities to fund the Corporation. The balance is transferred to the Province.

Mandate

LWBC's mandate is to:

- support economic diversification of rural British Columbia;
- administer and license Crown land (except for forest tenures such as tree farm licences) and water resources;
- develop a proactive approach to land-based investment opportunities;
- reduce decision times and streamline business processes;
- monitor permitted use of Crown land and water resources;
- protect public safety (regulating approximately 2,700 licensed dams under the Dam Safety Audit Program); and
- set aside Crown land for conservation/public use (eg, free crown grants)



The Corporation's headquarters is located in Victoria, B.C. The Corporation has five divisions: Strategic Initiatives, Land and Water Operations, All Seasons Resorts, Business Programs and Policy, and Corporate Services. The Corporation has approximately 317 FTEs.

Land & Water Operations Division (LWOD)

The Land and Water Operations Division (LWOD) manages 32,000 active land tenures, 10,215 *Land Act* reserves required for government purposes, and 43,000 water licences. In addition, LWOD processes approximately 2,000 applications for new Crown land tenures and replacements, and 900 new water licence applications and amendments annually.

The division has the specific responsibilities for:

- Proactively developing new uses for Crown land and water and identification of new economic development opportunities for communities, First Nations, industry and individuals;
- Managing 28 land and 8 water use programs including shellfish and finfish aquaculture, log handling, oil and gas, aggregates, commercial recreation, marinas, telecommunication sites, utility corridors, agriculture grazing leases, community institutional and commercial filming on Crown land, conservation, domestic, industrial, irrigation, mining, power, storage and waterworks.
- Monitoring permitted uses of Crown land and water through compliance and enforcement activities and working with other government officials to ensure that environmental impacts from unauthorized use of Crown land and water are dealt with according to the provisions under the *Land Act*.

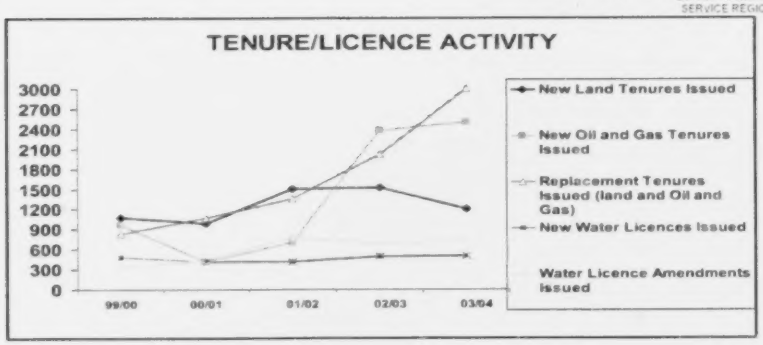
LWBC Service Centres

Prince George Service Centre
455 - 1011 4th Ave
Jim McGregor
Service Centre Director - (250) 565-6519

Surrey Service Centre
200-10428 153rd St
Heather MacKnight
Service Centre Director - (604) 586-4400

Nanaimo Service Centre
501-345 Wallace St
Mike Lambert
Service Centre Director - (250) 741-5662

Kamloops Service Centre
3rd floor - 145 3rd Ave.
Steve Carr
Service Centre Director - (250) 377-2175



Strategic Initiatives Division (SID)

The Strategic Initiatives Division (SID) identifies and responds to significant business opportunities while leveraging new employment and large-scale investment through a pro-active approach to land and water based investment opportunities. SID has specific responsibilities for:

- Developing and marketing or tenuring high value, high profile Crown land parcels, while ensuring environmental sustainability;
- Encouraging investment and participation from key clients/accounts by resolving their concerns and issues through rapid access to senior management;
- Removing barriers to investment by targeting resources to increase key sector and major project advocacy (e.g. aggregates, tourism, independent power production, and utilities);
- Focusing on identification and evaluation of new land-based development opportunities for BC communities located outside the Lower Mainland and Victoria regions;
- Replenishing inventories of developable lands to take advantage of emerging revenue opportunities where economic development is deemed most successful;
- Forging viable business partnerships with private enterprise, local governments and First Nations;
- Investing in strategic infrastructure that captures the increase in Crown land values and development potential.

All Seasons Resorts Division (ASRD)

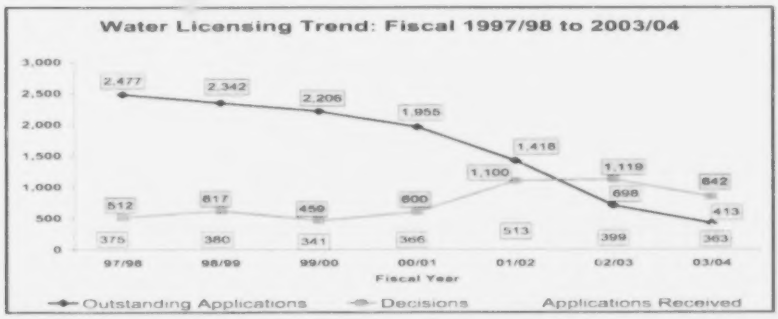
The All Seasons Resorts Division (ASRD) works closely with other Ministries, agencies, local government, First Nations, existing resort operators and new investors to support and facilitate the unprecedented growth and expansion of the resort sector in the province. The ASRD also supports the Minister of State for Resort Development by leading the implementation of a number of key initiatives included in the BC Resort Strategy and Action Plan. The ASRD has specific responsibilities for:

- Leading the implementation of key initiatives in the resort strategy, including: developing a new MDA template and an All Seasons Resorts policy framework; proactively identifying new resort sites; and developing and implementing a new provincial/local government integrated resort approval process.
- Reviewing and providing timely decisions on new major all season resort proposals and expansions, which represent significant capital investment and economic impacts.
- Administering existing Resort Area Master Plans and Master Development Agreements (MDA) for all seasons resorts.
- Linking to broader marketing strategies through Tourism BC and the 2010 Olympic and Paralympic Winter Games to promote the resort industry in the province.

Business Programs and Policy Division (BPPD)

The Business Programs and Policy Division (BPPD) provides policy advice on operational initiatives, economic development, and aboriginal relations. The Division is also charged with ensuring an orderly and reliable system of managing and allocating water rights in British Columbia. BPPD also contains the Office of the Deputy Comptroller of Water Rights. BPPD has specific responsibilities for:

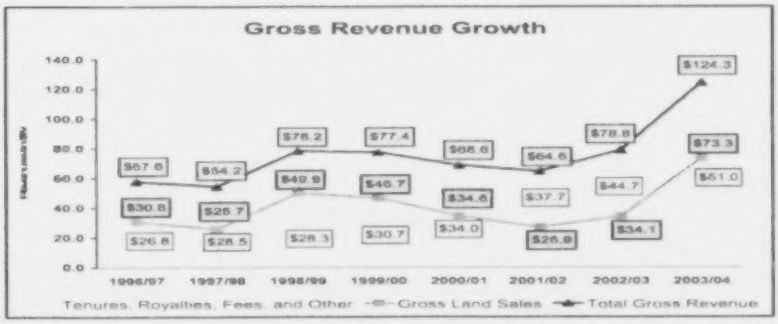
- Operational land and water management policy, pricing and procedures
- First Nations Policy
- Dam Safety Audit Program
- Private Water Utilities regulations and water use planning
- Drought Management Initiative
- Coordination of the Corporation's input into the treaty process



Corporate Services Division (CSD)

The Corporate Services Division (CSD) provides financial and administrative services to the Corporation. Specific responsibilities include:

- Professional finance and administration services including financial management and reporting, revenue management, freedom of information, and records management;
- Providing information management and information technology services;
- Corporate communications services, strategic service planning, economic analysis, support to the Board of Directors, corporate legal counsel; and
- Providing a human resources management system including staff development, succession planning, and a culture transition strategy that will ensure the right mix of people and competencies are directed at corporate success.



Strategic Context

Vision

An innovative and responsive organization that provides the land and water resources necessary for the continued economic development of the Province.

Mission

Facilitate economic development in the Province of British Columbia by:

- encouraging investment in, and sustainable use of, the Province's land and water resources;
- providing timely and continued access to land and water resources through tenures, licences and land sales;
- promoting responsible economic development and revenue generation.

Values

Integrity Conducting business with our customers and staff in an environment that is honest, transparent, and professional.

Accountability Taking responsibility for measuring and monitoring our performance against commitments and targets.

Excellent client service Providing professional and responsive client service at all times.

Continuously improving our service so that clients will realize direct and tangible benefits.

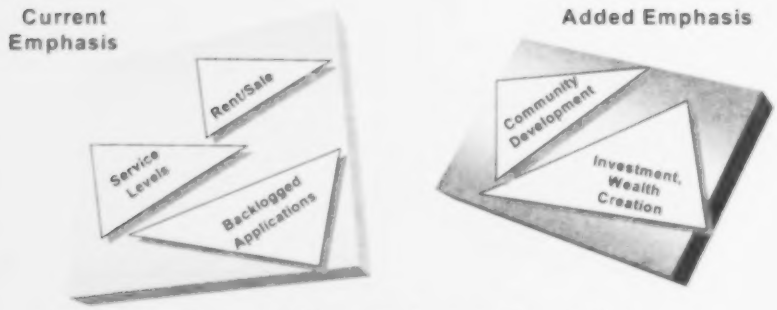
Innovative solutions Pursuing innovative approaches to promoting investor confidence and long-term business success.

Efficiency Continuously improving our operational efficiency and cost-effectiveness.

Goals

1. Increased investment and economic performance
2. Timely and effective permitting and licensing
3. Satisfied clients and customers
4. An internal capacity and culture that meets business needs

What's Required: Promote Investment



Expand the Business Capacity

Key Sector Development

Key Sectors that LWBC serves	Services
• All Seasons Resorts (ASR)	• Focused resources on ASR activities along with a "single window" approach to tenuring and selling land for ASR.
• Community Development	• Facilitating access to Crown land resources to meet the needs of communities by issuing free Crown grants & nominal rent tenures.
• Independent Power Producers (Hydro & Wind Power)	• Coordinating strategic level advice to "green" power producers (i.e., wind, water and tidal).
• Aquaculture	• Coordinated "single window" and "single office" approach to providing land and water tenures for aquaculture.
• Telecom/Utilities	• Coordinating changes in legal document language to address the needs of the utility sector.
• Tourism/commercial recreation	• Facilitating strategic level coordination for the commercial recreation sector.
• Agriculture	• Grazing lease management and the agriculture lease-to-purchase program.
• Aggregates	• Facilitating access to Crown aggregate resources
• Oil and Gas	• Coordinating and processing oil and gas tenures.

Planning Context

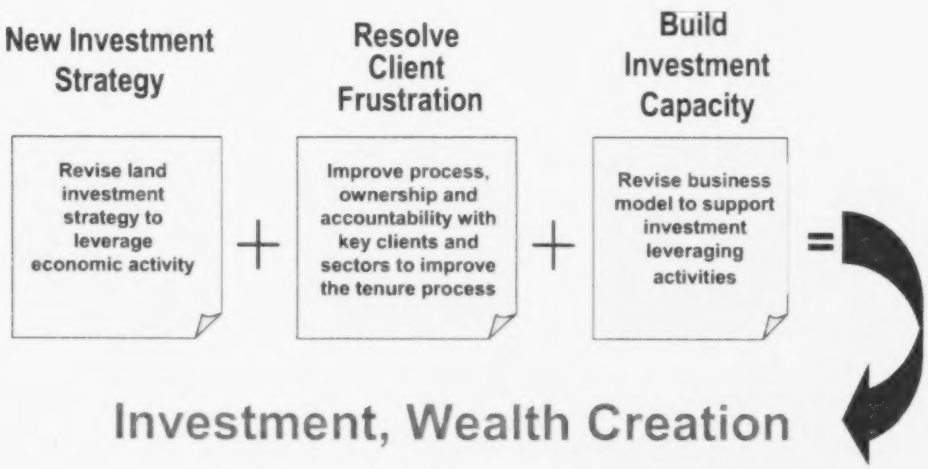
Assumptions

Need for Access

Access to Crown land and water is a key economic factor for the Province. The release of Crown land for economic uses has the potential to generate substantial new economic investment and revenue by enabling and supporting increases in business activity and the subsequent generation of wealth.

Ensuring that suitable Crown land and water are available to facilitate economic development may require upfront investments to maximize the net revenue and development potential in many instances.

What's Needed to Induce Investment in Public Lands


New Investment Strategy
Revise land investment strategy to leverage economic activity
+
Resolve Client Frustration
Improve process, ownership and accountability with key clients and sectors to improve the tenure process
+
Build Investment Capacity
Revise business model to support investment leveraging activities
=
Investment, Wealth Creation

Key Agency and Partnership Links

Client and investor service expectations will continue to increase. Access to Crown land and water will continue to create challenges that result in some tensions across agencies and ministries with interdependent mandates. LWBC is moving to resolve these tensions through shared problem solving, joint inter-agency/ministry Memoranda of Understanding with the Ministries of Forests, and Water, Land and Air Protection and related natural resource management corporate "enterprise-wide" approaches. LWBC will continue to maintain strong ties with ministries and related agencies responsible for resource stewardship. In addition, the 2010 Olympics will offer a unique opportunity for unprecedented economic development provided the barriers to investment and prosperity are minimized.

Support of local governments and new partnerships will be required. There are significant opportunities for new partnerships between the investment community and First Nations organizations.

Key Strategic Issues

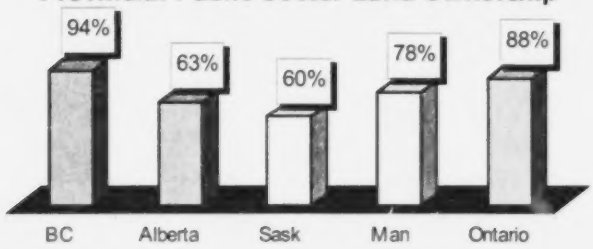
Expand Investment Capacity

As a Corporation of the Government of B.C., LWBC operates within the framework of government to carry out activities directed at encouraging investment and economic development through leveraging Crown land and water resources. Timely and effective permitting and licensing will be continuously pursued. LWBC will continue to provide an advocacy role in stimulating investment that will result in improved economic development. LWBC has a key challenge in improving the security of land and water tenure to attract investment and shift focus from pure land and water rent collection to land and water based investment opportunities.

In addition to focusing its activities on accelerating economic development in key sectors, the Corporation is committed to reducing the regulatory burden and providing a more streamlined business approach in order to achieve improved investor confidence and economic growth.

How public land and water are used is a key factor in the diversification of the provincial economy. The high level of public ownership creates a unique opportunity to attract investment, encourage economic growth, and provide public benefits in an environmentally sustainable way. LWBC will maximize the value by balancing protection of the physical environment with sustainable economic activity in our natural resource sector. LWBC has an important role to play in supporting responsible growth. Decisions taken by LWBC on Crown land and water resources are made in close coordination with other agencies of government, First Nations, local governments and community stakeholders. LWBC must accommodate a range of values including environmental, social and economic.

Provincial Public Sector Land Ownership



Source: State of the Environment Directorate, Environment Canada (1996)

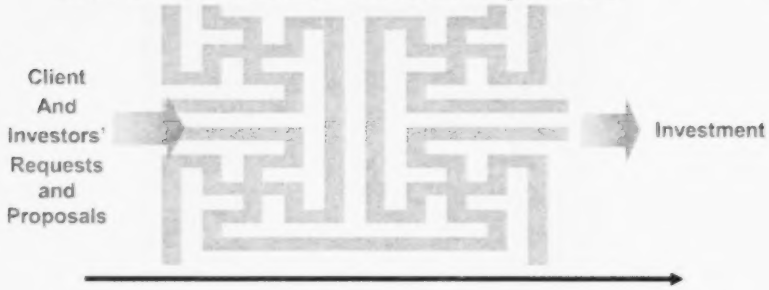
In 2004/05, LWBC shifted resources to enhance access to Crown land, improving investment returns to the Province. This required continued partnerships between the private sector and government and, in some instances, upfront investment by government to enhance the value of the land prior to sale. Moving to an investment model requires a degree of risk-taking since the returns are neither guaranteed nor completely certain. Capital may have to be invested in Crown land up front, using sound business modelling, proactive consultation with other governments and setting and meeting financial targets to minimize those risks. Should LWBC's proposed new funding model be approved, the financial components of the Delegation Agreement will need to be renegotiated.

Investor & Client Confidence

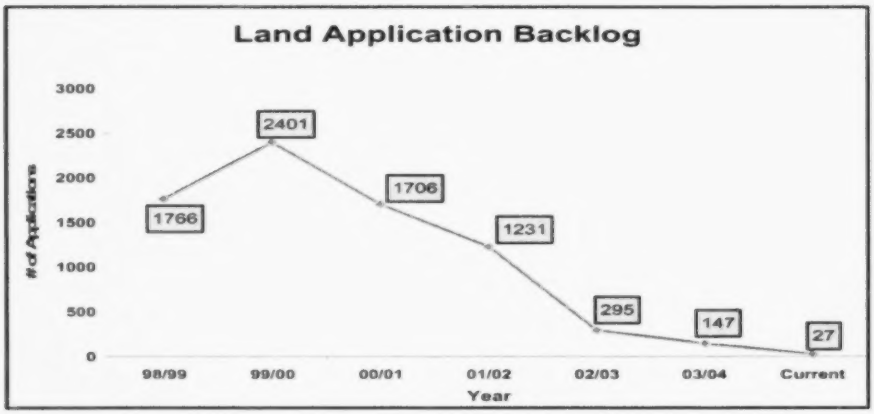
LWBC will demonstrate to the investment communities, local governments, First Nations and clients a commitment and capacity to facilitate wealth creation by promoting sustainable investment on public lands. Security of ownership has a multiplier effect in attracting both investment and long-term tenuring. Creating confidence and security requires a formal process for identifying expectations, barriers, and requirements directly from the investment and client communities. The investment and client communities need to partner with First Nations and local governments to promote common interests and achieve mutual objectives.

LWBC's website (www.lwbc.bc.ca) contains application status/decision information and downloadable packages for all of the Crown land and water programs. LWBC continues to work with agencies and clients to further streamline the application process and improve client service. Improvements in processes have enabled LWBC to virtually eliminate the backlog of *Land Act* applications which four years ago stood at over 2,400 applications.

What Our Clients and Investors Experience



- LWBC currently processes 97% of land tenure and water licence applications in under 140 days



Capacity & Core Competence

LWBC will grow its current capacity and competence in investment and financial modeling, marketing and sales, and key account management in order to achieve the goals of this service plan. Skill development is required by recruiting new talent and skills while continuing the development of internal resources. These competencies can be satisfactorily achieved through internal staff development and efficiency gains.

Competition for Investment Dollars

Promoting a positive climate for economic investment is subject to many influences. All provinces and communities in Canada are striving to increase economic activity and wealth creation. British Columbia has to become a leader in strategies that result in successful competition for investment capital for development and new business. Additionally, the public and investors expect efficient and seamless service from LWBC.

Key Risks

Business Processes The length of time to make development parcels of Crown land available for sale to clients and investors can take anywhere from 1-3 years, and involves multiple agencies, ministries and other levels of government. More accountability is required for managing sectoral or key clients through approval processes. LWBC is working with other provincial and federal agencies to improve coordination and communication to avoid overlaps and reduce inter-agency conflicts to the development of Crown land and water.

The Public Interest As LWBC moves forward with its mandate to stimulate economic investment through leveraging Crown land and water resources, there will be a need to communicate with the general public and affected communities about processes, options, opportunities for consultation(s) and the corporation's overall goals. This will be important in ensuring that the objectives and the resulting benefits of LWBC's activities are understood and acknowledged by all those who have a stake in the sound management of BC's land and water resources.

Systems LWBC will begin implementing its four-year IM/IT Strategic Plan which will integrate Tantalis and Water Rights Information System (computer systems which record licensing and management for British Columbia's Crown land and water resources) with their related accounts receivable systems. LWBC developed a comprehensive business case to support the extensive upgrading of the systems to enable them to meet the Corporation's business requirements.

Human Resources Demographic changes to our workforce have the potential to cause significant risk due to knowledge transfer and resourcing issues. LWBC's challenge will be to develop and manage plans for recruitment and employee development to ensure that resources match ongoing business needs. The success of our shift to expand our land leveraging and investment capacity will be largely based on the ability of our staff to learn and adapt to a new way of doing business. Change management initiatives, along with improved internal communication, will be critical to ensuring that our employees adapt to and embrace this change.

Goals, Objectives, Strategies and Performance Measures

GOAL #1 – Increased investment and economic performance

OBJECTIVES & STRATEGIES

1. Stimulate investment and economic activity

- Actively support and respond to growth in new and emerging business sectors
- Develop land and water pricing strategies that promote investment
- Lead the implementation of the province's All Seasons Resort Task Force initiative
- Expand the application of the Commercial Alpine Ski Policy[1]
- Build on the Heartlands Economic Strategy, Fast-Track Process and work with other agencies to attract and expand investment
- Build market-based partnerships with the business community, local governments and First Nations
- Develop a "tool kit" designed to create economic partnerships with First Nations
- Develop a multi-year marketing plan and a new inventory of Crown land ready for sale
- Work closely with key accounts and sectors on long-term development opportunities

2. Ensure sufficient land inventory so economic development is not constrained

- Identify Crown land whose early sale or long-term tenure and subsequent development will contribute most to economic prosperity in British Columbia
- Work with government agencies, ministries, First Nations, local governments and the private sector to improve the responsiveness of the decision-making processes related to land and water investment activities

PERFORMANCE MEASURES	TARGETS				
	2004/05 Budget	2004/05 Forecast	2005/06 Budget	2006/07 Forecast	2007/08 Forecast
Transfer to Government	$84.4 million	$87.9 million	$90.2 million	$90.9 million	$91.4 million
Completion of Master Development Agreements (MDA)	2 (Mt. Mackenzie & White Water)	2 (Mt. Mackenzie & White Water)	2 (Saddle Mt. & Mt. Baldy)	2 (Garabaldi & Jumbo)	1 (Juliet Creek)
Private sector capital investment[a]	$1.225 billion	$1.225 billion	$1.256 billion	$1.286 billion	$1.317 billion
Permanent jobs[a]	3,900	3,900	4,000	4,100	4,200
Construction jobs[a]	10,600	10,600	10,900	11,200	11,400

[1] Developed, in concert with the ski industry, between 1978-81 in response to the many challenges faced by newly developed resorts. The policy was to encourage private sector investment in the development of ski areas by providing tenure security and pricing incentives.

[a] Measurement methodology approved by BC Stats.

GOAL #2 – Timely and effective permitting and licensing

OBJECTIVES & STRATEGIES

1. **Optimize responsiveness, reduce application cycle time, and improve service levels**
   - Focus on key accounts, key sectors, and key projects
   - Improve coordination amongst LWBC, ministries, and other agencies
   - Implement process and systems enhancements that will improve efficiency and shorten cycle times
   - Consult with First Nations when appropriate
   - Implement improvements in consistency of evaluations, pricing, and appraisals across the regions

2. **Minimize LWBC's costs associated with tenure management and revenue collection**
   - Streamline land and water management administration functions
   - Pursue new opportunities to improve security and investment in public lands
   - Complete process review to reveal low return activities or projects undertaken in the public interest
   - Improve dispute resolution by streamlining processes
   - Improve financial management and administration of land tenures and water licences
   - Target compliance and enforcement on high-risk areas
   - Enhance electronic accessibility through web-based service delivery

PERFORMANCE MEASURES	TARGETS				
	2004/05 Budget	2004/05 Forecast	2005/06 Budget	2006/07 Forecast	2007/08 Forecast
Processing Efficiency: Process land and water tenures within 140 days	90% of the time	90% of the time	90% of the time[1]	90% of the time	90% of the time
Reduce costs associated with revenue collection	Establish baseline	Establish baseline	5% reduction	5% reduction	5% reduction

[1] LWBC has reviewed the impact of moving from 90% achievement of the standard to 100% and has determined that the costs required to meet 100% are not in line with the "negligible impact" from a client relationship standpoint.

GOAL #3 – Satisfied clients and customers

OBJECTIVES & STRATEGIES

1. Increase client and customer satisfaction ratings

- Work with other agencies/ministries to continuously streamline processes
- Dedicate a key point person at LWBC for all key account customers to manage issues
- Formalize key account management processes through establishment of a management framework, comprehensive planning, maintenance of information systems and processes, and strategy execution
- Conduct annual customer satisfaction surveys with key clients and customers
- Resolve top issues identified in 2004 client satisfaction survey
- Integrate top survey issues with ongoing initiatives into a comprehensive improvement implementation plan

2. Improve systems

- Streamline and integrate financial systems
- Implement phase 1 of 4-year IM/IT Strategic Plan
- Implement short term enhancements to Tantalis and Water Rights Information System
- Enhance LWBC internet and intranet websites

PERFORMANCE MEASURES	TARGETS			
	2004/05	2005/06	2006/07	2007/08
Improvement on issues identified with key accounts as measured by annual focus group sessions	70% satisfaction	75% satisfaction	80% satisfaction	80% satisfaction
Customer satisfaction as measured annually for land sales (baseline: 61%)	67% satisfaction	74% satisfaction	77% satisfaction	81% satisfaction
Customer satisfaction as measured annually with land tenure holders, water licence holders, and the business and commercial development community (baseline: 68%)	75% satisfaction	79% satisfaction	83% satisfaction	87% satisfaction
Systems implemented to better meet business needs and improve customer responsiveness	Projects designed and in construction; Baseline systems survey established	Projects substantially complete; 5% satisfaction improvement	Projects complete; 10% satisfaction improvement	Projects complete; 10% satisfaction improvement
Reduce pricing disputes with key accounts	Establish baseline	50% reduction	50% reduction	Survey clients re: pricing

GOAL #4 – An internal capacity and culture that meets business needs

OBJECTIVES & STRATEGIES

1. **Align resources with business needs**
   - Implement enhanced business processes
   - Continue to expand the business capacity of the Corporation through training, hiring, and partnerships with external resources

2. **Improve employee engagement and communication**
   - Continue activities that address the needs identified in the 2004 employee engagement survey
   - Institute more opportunities to share skills and ideas
   - Continue to emphasize the importance of the Employee Performance and Development programs
   - Support succession planning processes and complete specific workforce plans
   - Implement a formal management training program
   - Provide contemporary performance management and rewards
   - Promote regular communications between executive, managers and staff to build stronger relationships and help people to get involved

PERFORMANCE MEASURES	TARGETS			
	2004/05	2005/06	2006/07	2007/08
Bi-annual employee engagement and commitment survey satisfaction (baseline: 72%)	Survey Sept. 2005	80% satisfaction	Survey Sept. 2007	85% satisfaction
Improve capability and capacity of management	Develop key competencies for target positions & baseline to measure growth			
Participation rate for management staff in Employee Performance and Development programs	95%	100%	100%	100%
Participation rate in the Provincial Succession Planning Program	95%	100%	100%	100%

Strategy Summary

Government Strategic Goals	LWBC Mission	LWBC Goals	LWBC Objectives	Performance Measures
• A strong and vibrant provincial economy • Safe, healthy communities and a sustainable environment	Facilitate economic development in the Province of British Columbia by: • providing timely and continued access to land and water resources through tenures, licences and land sales; • promoting responsible economic development and revenue generation; • encouraging investment in, and optimal use of, the Province's land and water resources.	1. Increased investment and economic performance	1. Stimulate investment and economic activity. 2. Ensure sufficient land inventory so economic development is not constrained.	- Transfer to Government from Crown land tenures, royalties, sales and water licences. - Private sector capital investment. - Permanent jobs. - Construction jobs.
		2. Timely and effective permitting and licensing.	1. Optimize responsiveness, reduce application cycle time, and improve service levels. 2. Minimize LWBC's costs associated with revenue collection.	- Process land and water tenures within 140 days. - Reduce costs associated with revenue collection.
		3. Satisfied clients and customers.	1. Increase client and customer satisfaction ratings. 2. Improve systems.	- Improvement on issues identified with key accounts as measured by annual focus group sessions. - Customer satisfaction as measured annually for land sales. - Customer satisfaction as measured annually with land tenure holders, water licence holders, and the business and commercial development community. - Systems implemented to better meet business needs and improve customer responsiveness. - Reduce pricing disputes with key accounts.
		4. An internal capacity and culture that meets business needs.	1. Align resources with business needs. 2. Improve employee engagement and communication.	- Bi-annual employee engagement and commitment survey satisfaction. - Improve capability and capacity of management. - Participation rate for Employee Performance and Development programs. - Participation rate in the Provincial Succession Planning Program

Alignment with Government's Strategic Plan

LWBC's Service Plan aligns and strongly supports the Government's strategic goals and objectives in the following areas.

Government's Strategic Plan	LWBC's Service Plan
Objective/Strategy	*Comment*
British Columbia will have a prosperous economy	LWBC recognizes a key to a prosperous economy is leveraging investment in land and water resources. Specified goals and ongoing actions in this plan strongly support government's objective.
Work with the private sector to remove barriers to economic growth, such as continuing to identify significant economic projects to be fast-tracked through the review and permitting process	LWBC will continue to work with agencies and ministries to improve working relationships with key accounts, key sectors and the investment community.
Establish regional economic alliances with local governments and the private sector to support growth and diversification within the provincial economy	LWBC has developed and continues to implement a targeted marketing strategy in terms of Crown land and water resources. By working with other public agencies and the private sector, LWBC looks to partner wherever possible to stimulate economic development and activity in all regions around the province.
Reform the province's Crown corporations to focus on efficient and effective service delivery	LWBC is dedicated to streamlining processes with key private sectors. LWBC has eliminated the backlog of land tenure and water licence applications that accumulated over the past 14 years.
Continue to expand one-stop permitting and licensing in key sectors	LWBC will dedicate resources to service key accounts and established referral agreements with other provincial agencies.
Expedite economic development by increasing certainty of access to Crown land and resources	LWBC will achieve th target of processing 90% of land and water applications within 140 days - an objective specifically noted in the Government's Strategic Plan.

Government's Strategic Plan	LWBC's Service Plan
Objective/Strategy	*Comment*
Promote resource investment opportunities	LWBC is supporting economic development activity with key sectors and partners: all seasons resort development, independent power production, First Nations, oil and gas, tourism, and aquaculture.
Complete remaining strategic land-use plans and ensure ongoing implementation and review as required	LWBC is working with the Ministry of Sustainable Resource Management and other agencies to ensure that priority land use plans include opportunities for private sector commercial, industrial, residential, and recreational development.
Implement initiatives that improve economic development opportunities and workable relationships with First Nations	LWBC is developing partnership opportunities for First Nations that will generate economic benefits for the province, First Nations and communities. LWBC staff are working closely with First Nations communities to explore Crown land tenure issues and enhanced opportunities for First Nations and private sector economic investment.
Ensure that Crown land and resource decisions are informed by First Nations interests	LWBC has developed First Nations Consultation Guidelines and has ensured that operational staff are appropriately trained to engage with First Nations on all Crown land disposition issues.
Develop partnerships with industry and other stakeholders to provide opportunities for more effective, efficient and innovative management of Crown resources	LWBC is actively engaged with small and large clients to improve internal processes that optimize responsiveness, reduce cycle time, improve service levels, and focus on customer responsiveness.
Implement the BC Resort Strategy and Action Plan	LWBC is leading the implementation of a number of key initiatives in the resort strategy by proactively identifying new resort sites and developing a new provincial/local government integrated resort approval process. LWBC will also link to other broader marketing strategies through Tourism BC and the 2010 initiatives to promote the resort industry in the province.
Maximize the potential economic and social benefits to British Columbia hosting the 2010 Olympic and Paralympic Winter Games and ensure an ongoing legacy for British Columbians	LWBC is lead agency for providing Crown land to meet the needs of the Organizing Committee for the 2010 Olympic Games.

Financial Outlook Summary

	2004/05 Budget ($'000)	2004/05 Forecast ($'000)	2005/06 Budget ($'000)	2006/07 Forecast ($'000)	2007/08 Forecast ($'000)
Revenue					
Land tenure revenue[1]	12,802	16,744	13,630	13,915	14,199
Land royalty revenue	4,016	2,824	3,846	3,940	4,033
Land sales[2]	6,983	6,650	6,983	6,983	6,983
Water – Non-Power[3]	6,100	7,021	6,354	6,989	7,411
Water – Minor Power	279	248	180	180	180
Other fees	195	398	475	475	475
LWBC Fees Revenue	**$30,375**	**$33,885**	**$31,468**	**$32,482**	**$33,281**
Interest	650	1,282	1,310	1,310	1,310
Recoverable Project Expenses	4,410	3,445	3,675	3,675	3,675
All-Seasons Resorts recovery	1,000	1,080	1,080	980	980
Total LWBC Revenue	**$36,435**	**$39,692**	**$37,533**	**$38,447**	**$39,246**
Expenses					
Salaries/benefits	20,938	21,988	22,658	22,507	22,507
Facilities	2,145	2,307	2,307	2,307	2,307
Telecommunications and systems	1,860	2,992	2,985	2,683	2,433
Contracted services	2,017	2,348	1,620	1,352	1,352
Legal services	364	646	384	384	384
Amortization	1,029	1,142	1,929	2,427	2,451
Administration/other	3,172	3,789	2,571	2,511	2,511
Operating Expenses	**$31,525**	**$35,212**	**$34,454**	**$34,171**	**$33,945**
Project expenses	4,410	3,445	3,675	3,675	3,675
Total Expenses[4]	**$35,935**	**$38,657**	**$38,129**	**$37,846**	**$37,620**
Net Income (loss)[5]	**$500**	**$1,035**	**(596)**	**$601**	**$1,626**
Transfer to the Province					
Crown Land Account	82,119	85,875	87,976	88,642	89,211
MSRM (Water - Minor Power)	2,254	2,004	2,221	2,221	2,221
Total Transfer	**$84,373**	**$87,879**	**$90,197**	**$90,863**	**$91,432**

[1] Land tenures are budgeted at 2004/05 forecasted levels, less $5.25 million dollar impact of change in Oil and Gas Commission tenuring policy.

[2] Land tenures and royalties are projected to increase at a rate of 2.5% per year over the next three years. Land sales of $73.5 million represents the average for a three year target of $220.5 million.

[3] Non-Power revenues and a percentage of Minor Power Water revenues are collected and retained by LWBC. Major Water Power revenue flows directly to the Consolidated Revenue Fund (CRF).

[4] The 2005/06 expense budget includes $1,080 thousand to fund the All Seasons Resorts program, reduced to $980 thousand 2006/07 and 2007/08 . Funding for ASR will come from retention of amounts otherwise transferrable to the Province. Expense forecasts also include LWBC Board of Directors and Treasury Board approved increases of $500 thousand to fund the Water Utilities Unit and costs to implement LWBC's four-year IM/IT Strategy.

[5] Net loss in 2005/06 is a result of LWBC Board of Directors and Treasury Board approved expense increases.

Financial Outlook Summary

In addition to the assumptions presented in the footnotes to the Financial Outlook Summary on page 24, these additional assumptions, forecast risks and sensitivities were used to prepare the financial information.

Key Assumptions	Forecast Risks & Sensitivities
• LWBC will continue to operate under its current financial framework • Land tenure activity is expected to continue as planned. No impacts to tenure revenue are contemplated beyond the potential reductions due to changes in Oil and Gas Commission tenuring policy • The real estate market will continue to sustain land sales at the levels presented • No new sources of royalty revenue are contemplated • Expenses are forecasted at their base levels per the 2003/04 Service Plan, with the exception of LWBC Board of Directors and Treasury Board approved increases as noted in footnote 4.	• 1% fluctuation means $1.3 to $1.4 million land tenure revenues • 1% fluctuation means $650 to $750 thousand land sales revenue • 1% fluctuation means $2.2 to $2.3 million in salaries and benefits • 1% fluctuation means $8.5 to $9.0 million in transfer to the Crown Land Account

Information on the gross proceeds from LWBC's revenue generating activities is presented in Appendix I on page 26.

Major Capital Project Information

LWBC will move forward with an IM/IT Strategy that involves a capital upgrade to its information technology infrastructure. It will involve replacing the aging Water Rights Information System, integration of accounts receivable in land processes and other improvements in management reporting. It is expected this upgrade will take four to five years for completion.

Financial Outlook Summary

APPENDIX I – Gross Proceeds from Land Tenure, Sales, Royalties and Water Licences

The presentation of financial information has changed from the previous year. Gross proceeds from revenue generating activities were formerly included in the Financial Outlook Summary. The gross proceeds represent a measure of the activity undertaken on behalf of government and are shown in the schedule below.

	2004/05 Budget ($'000)	2004/05 Forecast ($'000)	2005/06 Budget ($'000)	2006/07 Forecast ($'000)	2007/08 Forecast ($'000)
Gross Proceeds					
Land tenure revenue[1]	28,450	39,964	34,075	34,786	35,498
Land royalty revenue	9,300	6,657	9,615	9,849	10,084
Land sales[2]	73,500	69,997	73,500	73,500	73,500
Water – Non-Power[3]	6,100	7,021	6,354	6,989	7,411
Water – Minor Power	2,533	2,252	2,401	2,401	2,401
Other (interest and fees)	925	1,680	1,785	1,785	1,785
Gross Proceeds	**$120,808**	**$127,571**	**$127,730**	**$129,310**	**$130,678**
Less: Transfer to Province[4]	85,373	87,879	90,197	90,863	91,432
LWBC Fees Revenue	31,025	35,167	32,778	33,792	34,591
Recoverable Project Expenses	4,410	3,445	3,675	3,675	3,675
All-Seasons Resorts recovery	1,000	1,080	1,080	980	980
Total LWBC Revenue	**$36,435**	**$39,692**	**$37,533**	**$38,447**	**$39,246**

[1] Land tenures are budgeted at 2004/05 forecasted levels, less $5.25 million dollar impact of change in Oil and Gas Commission tenuring policy.

[2] Land tenures and royalties are projected to increase at a rate of 2.5% per year over the next three years. Land sales of $73.5 million represents the average for a three year target of $220.5 million.

[3] Non-Power revenues and a percentage of Minor Power Water revenues are collected and retained by LWBC. Major Water Power revenue flows directly to the Consolidated Revenue Fund (CRF).

[4] Transfer to Province is net of project development costs and net revenue earned by LWBC.